

**Title 8, California Code of Regulations  
Division 1, Chapter 6, Subchapter 11  
Sections 13694**

**INITIAL STATEMENT OF REASONS**

**BACKGROUND TO REGULATORY PROCEEDING**

The Legislature added Sections 2050 through 2065 to the Labor Code because it found that some car wash employees are not paid a wage by their employers and receive only the tips given by customers, that other employees are paid below the minimum wage and not paid at an overtime rate for overtime hours worked, that a number of employees have been harassed, intimidated, and mistreated by their employers because of their immigration status, that some employees work in substandard working conditions, and that existing labor laws and enforcement efforts have failed to remedy these problems. To address and remedy these and other problems that plague the car washing and polishing industry, the Legislature determined it would be in the interests of the public's welfare, prosperity, health, safety, and peace to regulate the industry by requiring employers to register with the Labor Commissioner and pay a specified registration fee, and to procure a surety bond for the benefit of any employee damaged by the employer's failure to pay wages or fringe benefits. The Legislature also established the Car Wash Worker Restitution Fund as a source of recompense for persons damaged by an employer's failure to pay wages, penalties, and other related damages. Fifty dollars of each registrant's annual registration fee is deposited into this fund. Additionally, 50 percent of fines collected pursuant to Labor Code Section 2064 (civil fine for failure to register) shall be deposited into the fund.

**13694. PROCEDURE FOR OBTAINING DAMAGES FROM THE CAR WASH  
WORKER RESTITUTION FUND, DISBURSEMENT OF MONIES FROM THE CAR  
WASH WORKER RESTITUTION FUND, HEARING.**

**SPECIFIC PURPOSE OF THE REGULATION.**

The purpose of the proposed regulation is to establish the procedure to be followed by persons determined by the Labor Commissioner to have been damaged by an employer's failure to pay wages and penalties and other related damages when making a claim for payment from the Car Wash Worker Restitution Fund (Fund).

**NECESSITY.**

The proposed regulation is necessary so that those persons who are damaged by an employer's failure to pay wages and penalties and other related damages will know exactly what it is they must do in order to file a claim when seeking payment of damages from the Car Wash Worker Restitution Fund.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS.

The Director of the Department of Industrial Relations did not rely upon any technical, theoretical, or empirical studies, reports or documents in proposing the adoption of this regulation.

#### REASONABLE ALTERNATIVES TO THE REGULATION AND THE AGENCY'S REASONS FOR REJECTING THOSE ALTERNATIVES.

No alternatives were presented to or considered by the Director of the Department of Industrial Relations.

#### REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL BUSINESS.

The Director of the Department of Industrial Relations has not identified any alternatives that would lessen any adverse impact on small businesses.

#### EVIDENCE SUPPORTING FINDING OF NO SIGNIFICANT ADVERSE ECONOMIC IMPACT ON ANY BUSINESS.

Establishing procedures for making a claim for payment from the Car Wash Worker Restitution Fund will not adversely affect small businesses, because most of the employers engaged in the car washing and polishing business are small businesses and will not incur any expense as a result of a person following the procedures of making a claim of recovery from the Fund. And if any expense were to be incurred, it would be insignificant and minimal at best. Therefore, the proposed regulation would not have a significant adverse impact on employers engaged in the business of car washing and polishing.